



1<sup>st</sup> May, 2019

**RE: Submission Remote Area Tax Concessions and Payments 2019.**

Thank you for the opportunity to provide a submission to the Productivity Commission's Inquiry into Remote Area Tax Concessions and Payments.

Mount Isa to Townsville Economic Zone (MITEZ) is a Non-for-Profit Peak Industry, Business and Government Association representing Business, Local Government and State Government Enterprises to develop of the Corridor of Shires between Mount Isa to Townsville.

We commend the Productivity Commission for their efforts and recognition of issues in this regard. From your recent meeting here at MITEZ we understand this study would not be undertaken, if the Productivity Commission was not already aware of the many of the diverse challenges to individuals and businesses that live, work and operate in Remote Australia. For the purposes of this submission we will focus on our recommendation to start to address this issue.

When considering any new model for Zone Tax Allowances it is important to keep to key points foremost in mind.

Firstly, the aim of any proposed Tax concession and in this case, it is to address hardships faced by individuals and businesses in remote Australia, to also address issues of staff attraction and retention and keep communities and cities vibrant or at least surviving until economic conditions improve.

Secondly it is important to always draw from existing real examples of what is working, and if possible, adopt that policy.

On that basis we call on the current examples of Queensland State Government Departments of Housing, Communities, Child Safety and Education.

To attract and retain staff the State Government provides to full time employees of the aforementioned departments the following:

Remote Area Allowance - \$3,750 paid every six months which translates to \$2400.00 net per annum per employee dependent on pay rate.

This is particular amount is currently paid to employees in Mount Isa and other areas in the Department of Housing and Public Works.

Some employees from these Departments are also provided State owned accommodation at a reduced market rent.

The Department of Housing is not the only Queensland Government Department that these benefits or similar thereto are provided; this detail can be forwarded if required.

We propose the following-

Zone Tax Allowance- Equal to the amount mentioned \$3,750. 00 per six months to full time employees that could be offset as a Zone Allowance Annually when an individual submits a Tax Return.

Fringe Benefit Tax (FBT) remote area concession- In line with the Department of Housing we propose a cut to the Fringe Benefit for Businesses to provide business owned housing at a reduced rate (half market value) but, also add the facility for an employer to provide same for same dollar value to offset private treaty rental or Mortgage relief.

Remote Area Allowance- We recommend any allowance paid by the Federal Government could be more efficiently provided by the Zone Rebate system. As per abovementioned.

We also recommend that in addition to the Fringe Benefit concession as mentioned above, Small Businesses be given a same ratio of Tax relief off their Income Tax, if they do not qualify for Payroll Tax, and employ 2 or more employees. Say 5-10% tax concession for Remote Small Businesses that apply.

We also recommend a review of the current Payroll Tax for Small Business. Further detail can be provided.

MITEZ can provide several instances of Business Hardship in this region caused by many reasons from Drought or Flood Recovery, to Mining Activity Fluctuations. In some cases, a Mining Boom can even create hardship on some small businesses as they struggle to retain staff. For real examples and testimony please do not hesitate to contact this office.

MITEZ understands that the example of Remote Area Allowance has been successful in attracting and retaining staff to this region for the Department of Housing and other government departments and therefore feel it is a good foundation to argue for equal benefits to the wider community.

Ross Thinee  
Regional Development Officer  
Mount Isa to Townsville Economic Zone Inc.